



May 2013

# SSA REPRESENTATIVE PAYEE PROGRAM

## Addressing Long-Term Challenges Requires a More Strategic Approach

## Why GAO Did This Study

Representative Payees—persons who SSA staff appoint to manage Social Security benefits for those unable to do so for themselves—play an important role in ensuring that beneficiary needs are met. In fiscal year 2012, about 5.9 million payees managed \$72 billion in annual benefits for nearly 8.4 million beneficiaries, a number that is likely to grow as the population ages. Congress and others have expressed concerns that SSA may not be well positioned to administer the Representative Payee Program, as currently structured, in the future. This report examines (1) administrative challenges facing the program and steps SSA has taken to address them and (2) long-term challenges and actions SSA has taken or could take to address them.

To answer these objectives, GAO reviewed relevant research, policies, federal laws and regulations, and other documents. GAO interviewed SSA officials and other parties, and visited the Philadelphia Regional Office. GAO also reviewed program trend data and studies on challenges associated with an aging population. GAO reviewed options SSA could consider to address program challenges and conducted interviews to identify the strengths and weaknesses of these options.

## What GAO Recommends

GAO recommends that SSA (1) evaluate the effectiveness of its criminal bar pilot, (2) estimate long-term program needs, and (3) develop a long-term strategy for addressing challenges that includes assessing options to streamline the program. SSA agreed with all three recommendations.

# SSA REPRESENTATIVE PAYEE PROGRAM

## Addressing Long-Term Challenges Requires a More Strategic Approach

### What GAO Found

The Social Security Administration (SSA) struggles to effectively administer its Representative Payee Program, despite steps taken to address its challenges in identifying, selecting, and monitoring representative payees. For example, due to increasing workloads and staff attrition, SSA field office managers in some offices said they sometimes have to perform payee program duties that lower level staff typically handle. SSA has also experienced an increasing number of beneficiaries who may not have a suitable payee available. In an effort to address this challenge, SSA hosted a webinar to recruit additional payees. However, SSA officials said this effort did not result in the addition of any new payees. SSA also faces challenges ensuring that payees who are selected are suitable for the task. To help address this challenge, SSA implemented a pilot program in its Philadelphia region to screen and bar payee applicants who have been convicted of certain crimes. The pilot relies on self-reported information from payee applicants, but SSA plans to screen applicants by accessing a commercial database that contains state-level criminal information. This database, however, does not contain information from every state and it is not clear how SSA will address this limitation. SSA also faces challenges monitoring payees' use of beneficiaries' SSA funds—a time-consuming process. SSA developed an electronic accounting process that allows payees to submit reports online, which saves SSA time on handling the reports and scanning paper reports. However, it does not lessen the need for SSA staff to review some of these reports. SSA has also taken other steps to improve the administration of the program, but the SSA Office of the Inspector General (OIG) nonetheless continues to identify the program as a major SSA management challenge.

Although changing demographics and resource constraints will challenge the future administration of the Representative Payee Program, SSA has done little to position itself for the long term. The projected growth in the aged population, as well as the incidence of individuals with dementia, will have implications for the program, as SSA will have to spend more resources finding and monitoring payees. These challenges are exacerbated by staff and resource constraints, which could make SSA less able to identify and address payee benefit misuse. Some of the steps SSA has taken align with goals in the agency's Strategic Plan. For example, SSA's piloting of a new payee screening and selection process is an effort to better protect the program from fraud, waste, and abuse—one of the objectives included in the plan. Nonetheless, SSA does not plan to assess whether the pilot actually reduces the incidence of benefit misuse in the long run. Further, SSA has not projected the future need for payees, the likely characteristics of beneficiaries, or the resources needed to administer the program. Others have identified a range of options that could help SSA address its long-term challenges by increasing its pool of payees and better targeting its monitoring practices. Experts and stakeholders we interviewed identified trade-offs for each of these options, citing the need to balance the potential benefit of reducing SSA's workloads with the possible increased risk of benefit misuse by payees. SSA has considered some options, but it has not fully assessed and compared the potential benefits and feasibility of implementing these options.

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## Abbreviations

OASDI	Old-Age, Survivors, and Disability Insurance
OIG	Office of the Inspector General
NDRN	National Disability Rights Network
NRC	National Research Council
SSA	Social Security Administration
SSI	Supplemental Security Income

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May 29, 2013

Congressional Requesters

The Social Security Administration's (SSA) Representative Payee Program appoints representative payees (payees) to manage the Old-Age, Survivors, and Disability Insurance (OASDI)<sup>1</sup> and Supplemental Security Income (SSI)<sup>2</sup> benefits received by individuals who are unable to do so for themselves. Typically, SSA appoints a spouse, parent, or other close relative to be the payee, but may also appoint another individual, a public or nonprofit agency, or another organization, depending on the beneficiary's circumstances. Payees can only use SSA benefits to provide beneficiaries with food, clothing, shelter, medical care, and personal comfort items. SSA reported that, in fiscal year 2012, about 5.9 million payees managed \$72 billion in annual benefits for nearly 8.4 million beneficiaries (14 percent of all SSA beneficiaries). Consistent with the growth in the overall number of SSA beneficiaries, the number of beneficiaries needing a payee has grown over the years—by nearly 20 percent between 2002 and 2011.

In addition to the broader implications of sustained program growth, Congress and others have expressed concerns that SSA may not be well positioned to administer the Representative Payee Program, as currently structured, in the future. In light of these concerns, this report examines the

(1) administrative challenges facing the Representative Payee Program and steps SSA has taken to address them, and

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<sup>1</sup>The OASDI program provides monthly benefits to qualified retired and disabled workers and their dependents and to survivors of insured workers. Eligibility and benefit amounts are determined by the worker's contributions to Social Security. For additional information about the legal requirements pertaining to representative payees for the OASDI program, see 42 U.S.C. § 405(j) and 20 C.F.R. § 404.2001 et seq.

<sup>2</sup>The SSI program provides income support to persons aged 65 or older, blind or disabled adults, and blind or disabled children. In order to qualify for benefits, an individual's income and resource levels must be below certain amounts. For additional information about the legal requirements pertaining to representative payees for the SSI program, see 42 U.S.C. § 1383(a) and 20 C.F.R. § 416.601 et seq.

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(2) long-term challenges and actions SSA has taken or could take to address them.

To identify the administrative challenges facing the Representative Payee Program, we reviewed reports by SSA's Office of the Inspector General (OIG), the National Research Council (NRC), and others.<sup>3</sup> We interviewed SSA officials, including field office managers from 6 of SSA's 10 regions,<sup>4</sup> and others knowledgeable about the program such as staff from the Social Security Advisory Board (SSAB). We also visited the Philadelphia Regional Office to learn about SSA's ongoing pilot initiative to screen and bar certain types of criminals from becoming payees. We obtained more detailed information from the OIG on their past findings and recommendations relevant to the administration of the program and met with members of the NRC to better understand the impetus for their recommendations in this area. Furthermore, we reviewed beneficiary and payee data from annual SSA reports to describe beneficiary and payee trends. We assessed the reliability of the data by reviewing the methodology used to develop them and determined that the data were sufficiently reliable to describe payee trends and beneficiary trends and projections.

To identify the long-term challenges facing the Representative Payee Program, we reviewed reports on the payee program and interviewed SSA, NRC, and Social Security Advisory Board officials, as well as experts and members of organizations knowledgeable about the program. To determine the actions SSA has taken or could take to position itself to address the program's long-term challenges, we reviewed relevant program policies and procedures and interviewed SSA officials. In

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<sup>3</sup>See for example SSA Office of the Inspector General, *Annual Representative Payee Accounting Report Non-responders, A-06-10-11069 Audit Report* (March 2011); National Research Council, Committee on Social Security Representative Payees, *Improving the Social Security Representative Payee Program: Serving Beneficiaries and Minimizing Misuse* (Washington, D.C.: 2007); and Social Security Advisory Board, *Social Security Advisory Board Issue Brief Series: Disability Programs in the 21st Century: The Representative Payee Program* (Washington, D.C.: September 2010).

<sup>4</sup>We asked the National Council of Social Security Management Associations, an organization that represents SSA field office managers nationwide, to arrange a meeting with field office managers. The Council subsequently reached out to field office managers nationwide and arranged for us to meet with managers from the Denver, New York, Atlanta, San Francisco, Boston, and Dallas regions. Since we did not systematically select these managers, the results of these meetings are not generalizable to all SSA regions.

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addition, we reviewed relevant federal laws and regulations governing the Representative Payee Program to gain a further understanding of program requirements. We also reviewed reports on the payee program, as well as literature on similar programs, to identify options SSA could consider to address the long-term challenges facing the program.<sup>5</sup> We interviewed experts and members of organizations knowledgeable about the program to obtain their views on the potential strengths and weaknesses of each option identified. Although these views represent many points of view, they are not representative of all potential views.

We conducted this performance audit from April 2012 to May 2013 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for findings and conclusions based on our audit objectives.

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## Background

Beneficiaries needing a payee fall into one of three basic categories: (1) child beneficiaries—almost all children under age 18 have payees,<sup>6</sup> (2) those who are legally incompetent or mentally incapable of managing benefit payments, and (3) beneficiaries who are physically incapable of managing or directing the management of their benefit payments. SSA claims representatives determine whether a beneficiary needs a representative payee by reviewing court determinations of legal incompetency, medical evidence, or statements of relatives, friends, or others who know and observe the beneficiary concerning the beneficiary's ability to manage or direct the management of his or her benefits. In December 2012, over 8.6 million individuals had a representative payee—over 5.3 million received only OASDI benefits, almost 2.5 million received only SSI benefits, and over 830,000 received

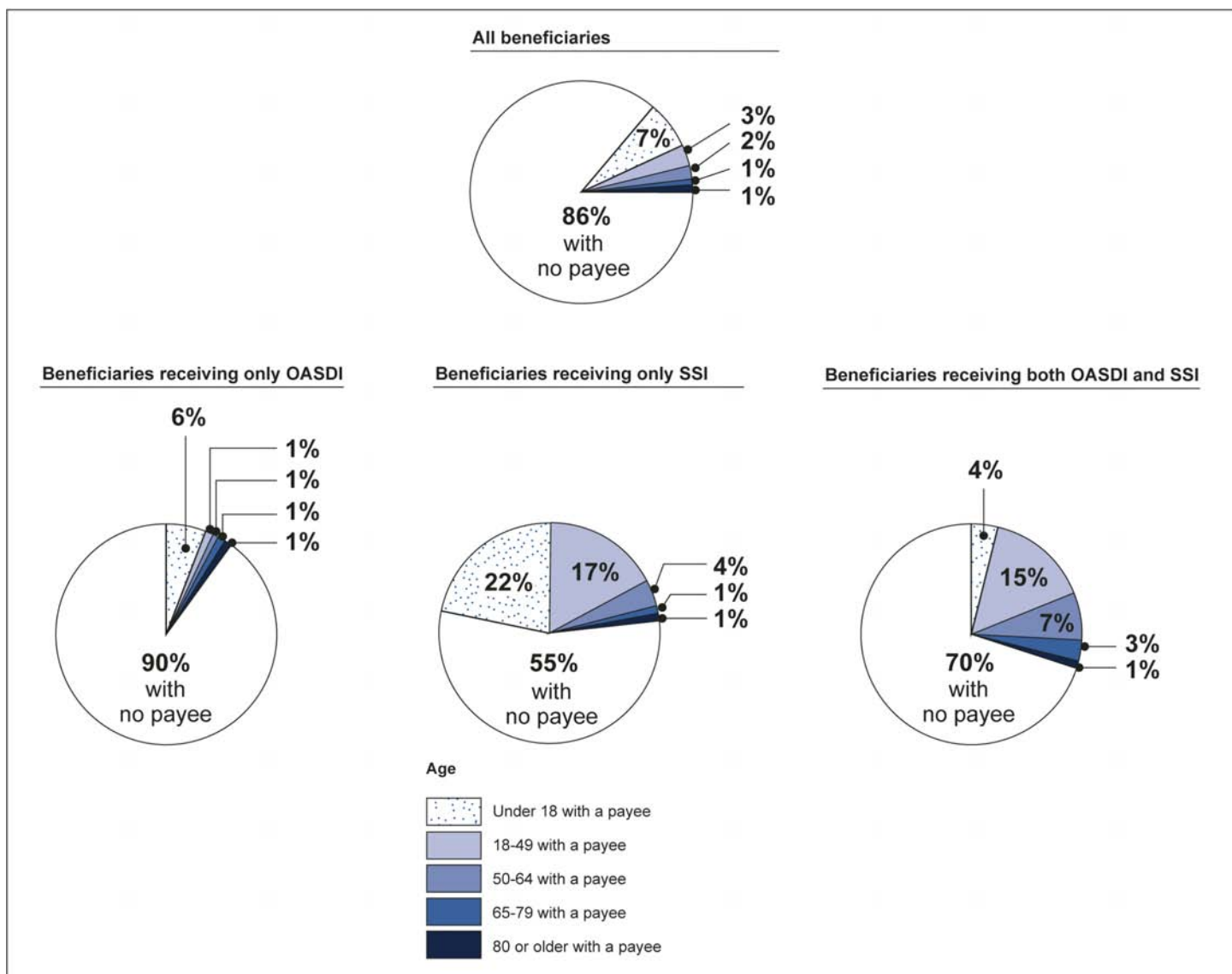
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<sup>5</sup>For more information on how we identified options and their potential strengths and weaknesses, see appendix I.

<sup>6</sup>For beneficiaries under age 18, SSA generally will pay benefits to a representative payee. However, in certain situations, SSA may make direct payments to a beneficiary under age 18 who shows the ability to manage the benefits. In addition, SSA generally will withhold benefit payments to beneficiaries under the age of 15 until a representative payee is appointed.

OASDI and SSI concurrently. See figure 1 for an overview of the percentage of beneficiaries with a payee, by benefit type and age.

**Figure 1: Proportion of Beneficiaries with Payees in December 2012, by Benefit Type and Age**



Source: GAO analysis of data provided by SSA from its Master Beneficiary Record and Supplemental Security Record, 100 percent data.

According to SSA data, about 76 percent of SSI recipients and Disability Insurance beneficiaries who had a payee in 2011 suffered from a mental health condition. The most prevalent condition for each of these



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beneficiary groups was intellectual disability. As of January 2013, family members served as representative payees for about 85 percent of beneficiaries who had a payee.

SSA may appoint an individual or organization to be a representative payee. Organizational payees—which can include social service agencies, state mental institutions, and state or local government agencies—may offer their services free of charge or they may collect a capped fee, provided they meet certain conditions.<sup>7</sup> Certain individuals are not eligible to serve as representative payees. For example, in order to be eligible to serve as a representative payee, an individual cannot be a fugitive felon<sup>8</sup> or have been convicted of certain felonies, including those related to Social Security fraud, misuse of SSA benefits, or concealing or failing to disclose knowledge of events affecting entitlement to or payment of Social Security benefits.<sup>9</sup>

SSA administers the Representative Payee Program through a network of over 1,200 field offices located across the country.<sup>10</sup> According to SSA and NRC officials, the process for administering the program consists of many time-consuming and often complicated steps, guided largely by

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<sup>7</sup>To qualify as a fee-for-service payee, an organization must (1) be a state or local government agency with fiduciary responsibilities whose mission is to carry out income maintenance, social service, or health care-related activities or (2) be a tax exempt community-based nonprofit social service organization that is bonded and licensed (provided licensing is available) in the state where it serves as a payee. The organization must regularly provide payee services concurrently to at least five beneficiaries and generally may not be a creditor of the beneficiary.

<sup>8</sup>Based on the settlement agreement reached in the *Martinez et. al v. Astrue* case, effective April 1, 2009, a person who has an unsatisfied felony warrant issued for any of these offenses is considered a fugitive felon and is prohibited from serving as a payee: (1) escape from custody; (2) flight to avoid prosecution or confinement; or (3) flight-escape.

<sup>9</sup>In addition, when considering payee applicants with a past history of criminal behavior, SSA staff are advised to consider the type of crime and when the crime was committed, along with the applicant's relationship to the beneficiary. Individuals with a criminal past are not to be appointed as payees unless SSA determines that there is not a more suitable payee available and that the applicant does not pose a risk to the beneficiary and will act in the best interests of the beneficiary.

<sup>10</sup>SSA staff in the Office of the Deputy Commissioner, Retirement and Disability Policy is responsible for developing Representative Payee Program policies and procedures while staff in the Office of the Deputy Commissioner, Operations supports field office staff by addressing representative payee business process and automation issues.

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requirements in statute and SSA regulations.<sup>11</sup> These steps are primarily completed by field office claims representatives who are also responsible for other work processes, such as interviewing individuals to determine their eligibility for OASDI and SSI benefits. According to SSA's guidance,<sup>12</sup> once a beneficiary is determined to need a representative payee, SSA staff perform the following activities:

### 1. Identify Potential Payees

SSA claims representatives use a variety of approaches to identify prospective payees, including asking the beneficiary if there is an individual whom he or she trusts; reviewing beneficiary claims files and any available medical records; and consulting with local government, social service, and other providers who can often provide payee contacts. If no payee is readily available, the claims representative tries to find a payee by consulting the list of payee sources (e.g., local organizations with volunteers who can serve as payees) that each field office is required to maintain.

### 2. Screen Potential Payees

After identifying prospective payees, claims representatives interview them to assess their suitability, considering factors such as the nature of their relationship to the beneficiary and whether they are knowledgeable about the beneficiary's needs. In addition, claims representatives receive automated messages during the screening process that show whether a prospective payee is a fugitive felon or otherwise prohibited by law from serving as a representative payee.

### 3. Appoint a Payee

SSA's guidance includes preference lists to assist claims representatives in selecting a payee when more than one candidate is available. For example, the preference list for adults is as follows:<sup>13</sup>

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<sup>11</sup>With respect to OASDI, see 42 U.S.C. § 405(j) and 20 C.F.R. § 404.2001 et seq., and with respect to SSI, see 42 U.S.C. § 1383(a) and 20 C.F.R. § 416.601 et seq.

<sup>12</sup>SSA Program Operations Manual System (POMS), sections GN 00501.015, GN 00502.000, GN 00604.001, GN 00605.001, GN 00605.005, GN 00605.067, and GN 00605.400.

<sup>13</sup>SSA also has separate preference lists for (1) adults who are disabled and who have a drug addiction or alcoholism condition and (2) beneficiaries under age 18.

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- (1) a spouse, parent or other relative with custody or who shows strong concern;
  - (2) a legal guardian/conservator with custody or who shows strong concern;
  - (3) a friend with custody;
  - (4) a public or nonprofit agency or institution;
  - (5) a federal or state institution;
  - (6) a statutory guardian;
  - (7) a voluntary conservator;
  - (8) a private, for-profit institution with custody and is licensed under state law;
  - (9) a friend without custody, but who shows strong concern for the beneficiary's well-being, including persons with power of attorney;
  - (10) anyone not listed above who is qualified and able to act as payee, and who is willing to do so; and
  - (11) an organization that charges a fee for its service.

Although claims representatives are generally expected to select payees in the order in which they are listed, they may deviate from this order based on their assessment of the beneficiary's individual circumstances. In selecting a payee, claims representatives are primarily concerned with identifying someone who will best serve the beneficiary's interest.

#### 4. Monitor Payees

SSA staff monitor payees to identify potential misuse—the use of SSA funds for purposes other than the needs of the beneficiary. SSA field office and other staff monitor payees by reviewing the annual accounting reports that payees submit to document how the payee spent Social Security funds on behalf of the beneficiary. Certain payees are also subject to periodic site reviews. For example, individuals serving as a payee for 15 or more beneficiaries and certain organizational payees,

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including agencies that serve 50 or more beneficiaries, are subject to these reviews.<sup>14</sup>

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## SSA Has Taken Some Steps to Address the Current Challenges It Faces in Identifying, Selecting, and Monitoring Representative Payees

SSA has faced challenges identifying, selecting, and monitoring representative payees. For example, field office managers said that some field offices have been struggling to keep up with payee program workloads due to staff attrition and that managers themselves sometimes have to perform payee program duties that claims representatives typically handle, such as processing payee applications. In addition, SSA has experienced an increasing number of beneficiaries, such as persons suffering from mental health conditions or the elderly, who may not have a suitable payee readily available. Recognizing the challenges associated with finding payees for some beneficiaries, SSA attempted to identify and recruit individuals and organizations who would be willing to serve as payees. For example, SSA partnered with the National Alliance on Mental Illness in 2012 to host a webinar to recruit additional payees for beneficiaries suffering from mental health conditions. However, as of April 4, 2013, SSA officials said this effort did not result in the addition of any new payees. SSA officials told us that they posted the webinar to YouTube in an effort to reach a larger segment of the population.

SSA has also taken steps to address challenges it has had with ensuring that payees who are assigned are suitable for the task. For instance, in June 2012, SSA initiated a pilot in its Philadelphia region to screen and block payee applicants who have been convicted of any 1 of 12 types of felonies.<sup>15</sup> Under the pilot, SSA field staff are required to bar certain

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<sup>14</sup>SSA conducts several different types of reviews based on factors such as the type of payee and number of beneficiaries served.

<sup>15</sup>For this pilot, applicants who have been convicted of the following felonies may not serve as payees: human trafficking, false imprisonment, kidnapping, rape/sexual assault, first degree homicide, robbery, fraud to obtain governmental assistance, fraud by scheme, theft of government funds, abuse/neglect, forgery, and identity theft. Although the pilot procedures only apply to payee applicants located in SSA's Philadelphia region, by law, certain types of fugitive felons and other groups are prohibited from serving as payees nationwide. In addition, SSA has the discretion to determine on a case by case basis whether certain other types of crimes disqualify individuals from serving as payees.

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payee applicants who have committed one or more of these crimes.<sup>16</sup> According to SSA officials, as of January 23, 2013, SSA staff in the Philadelphia region barred 108 out of 10,291 applicants from serving as payees as a result of the pilot.<sup>17</sup> SSA said that the pilot primarily relies on self-reported information from payee applicants. In our past work, we found that reliance on self-reported information alone can be problematic because it may not be accurate.<sup>18</sup> In April 2013, SSA published a notice in the *Federal Register* that agency officials said would allow them to collect data necessary to use Lexis/Nexis Accurint, a database that contains state-level felony and misdemeanor information, to perform criminal background checks on payee applicants.<sup>19</sup> According to SSA officials, the agency is currently testing an automated tool to query the Accurint database as well as developing field office procedures and training materials. SSA plans to begin using the database to screen payee applicants in the summer of 2013. Although the database could help SSA staff in the Philadelphia region better screen payee applicants, it is limited because it does not contain data from every state. It is not clear how, if at all, SSA is going to address these limitations. SSA said the focus of the pilot is to determine how easily these additional controls can be implemented. For example, SSA is interested in determining how difficult it is for field staff to find a suitable alternative payee after they bar

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<sup>16</sup>Under the pilot, SSA does not automatically bar the custodial parent, custodial spouse, or custodial court-appointed legal guardian of the beneficiary for whom the applicant is applying to serve as the payee when such individuals have been convicted of one of the felonies included in the pilot. In these cases, and consistent with SSA's guidance for its staff, SSA staff weigh various factors, including the payee's criminal history and relationship to and custody of the beneficiary, before deciding whether to appoint them to serve as a payee.

<sup>17</sup>According to SSA, the 10,291 payees include all payee applicants since the pilot began, including those who were exempt from the pilot such as custodial parents. SSA does not have data on the proportion of beneficiaries for whom a prospective payee was not selected based on the pilot restrictions or the number of payees who were already assigned and subsequently had to be removed from serving as a payee.

<sup>18</sup>GAO, *Social Security Disability: Ticket to Work Participation Has Increased, but Additional Oversight Needed*, [GAO-11-324](#) (Washington, D.C.: May 6, 2011) and *Supplemental Security Income: SSA Could Enhance Its Ability to Detect Residency Violations*, [GAO-03-724](#) (Washington, D.C.: July 29, 2003).

<sup>19</sup> Privacy Act of 1974; Proposed New Routine Uses and System of Records Alterations, 78 Fed. Reg. 23,811 (April 22, 2013).

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a payee applicant.<sup>20</sup> According to SSA, if the pilot is successful it will be implemented nationwide in fiscal year 2014.

SSA has also taken steps to improve its ability to monitor payee activities. Generally, all representative payees are required to file an annual accounting report that shows how they spent beneficiaries' SSA funds. According to SSA officials and the OIG, obtaining these reports, reviewing them, and following-up on delinquent reports is extremely time-consuming for staff. For example, the OIG found that SSA staff expend considerable effort to obtain accountings, which sometimes required multiple mailings, telephone calls, and face-to-face meetings, and, in some instances, took several months to complete.<sup>21</sup> SSA developed an electronic accounting process that allows payees to submit reports online, which saves SSA time on handling the reports and scanning paper reports. However, it does not lessen the need for SSA staff to review some of these reports.

In 2011, to better leverage its resources, SSA replaced its discretionary, special reviews of a random sample of organizational payees with reviews targeting payees at higher risk of misusing benefits. SSA expanded this approach in fiscal year 2012 to include higher risk individual payees, not including custodial parents or custodial spouses, serving 14 or fewer beneficiaries.<sup>22</sup> SSA identifies these payees using a misuse predictive model that relies on certain payee and beneficiary characteristics, as recommended by the NRC and OIG. These reviews complement those that SSA is required to perform on organizational payees serving 50 or more beneficiaries and individual payees serving 15 or more beneficiaries, in accordance with Social Security Act requirements. According to SSA, it used the model to select 557 organizations and 256 individual payees for review in fiscal year 2012

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<sup>20</sup>On February 11, 2013, SSA published a notice in the *Federal Register* to solicit feedback from the public on whether it has selected the appropriate types of crimes and whether there are other crimes that should be considered, among other things. *Individuals with Certain Criminal Convictions as Representative Payees*, 78 Fed. Reg. 9766 (Feb. 11, 2013).

<sup>21</sup>SSA OIG, *Annual Representative Payee Accounting Report Non-responders*, A-06-10-11069 (March 2011).

<sup>22</sup>According to SSA officials, custodial parents and spouses generally serve appropriately as payees.

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(nearly 40 percent of all reviews).<sup>23</sup> Based on their testing of the model, SSA officials expect it to identify many more instances of payee benefit misuse than random reviews. However, SSA officials said they have not yet completed a sufficient number of reviews to determine whether the model is performing as expected.

SSA has taken other steps to help it improve the management and operations of the Representative Payee Program. For example, SSA is in the process of redesigning its Representative Payee System—the electronic system used to record payee applications, payee performance, and any significant information about the payee, among other things. SSA has also provided additional guidance and training to payees and field office staff to help them better understand their roles and responsibilities, as well as implemented other actions to address numerous recommendations made by the SSA OIG. Nonetheless, the OIG continues to identify the program as a major management challenge facing SSA.<sup>24</sup>

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<sup>23</sup>SSA, *Annual Report on the Results of Periodic Representative Payee Site Reviews and Other Reviews for Fiscal Year 2012* (Jan. 31, 2013).

<sup>24</sup>SSA OIG, *Fiscal Year 2012 Inspector General Statement on the Social Security Administration's Major Management and Performance Challenges*, A-02-13-13041 (Nov. 8, 2012).

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## SSA Has Done Little to Position Itself to Address the Program's Long-Term Challenges

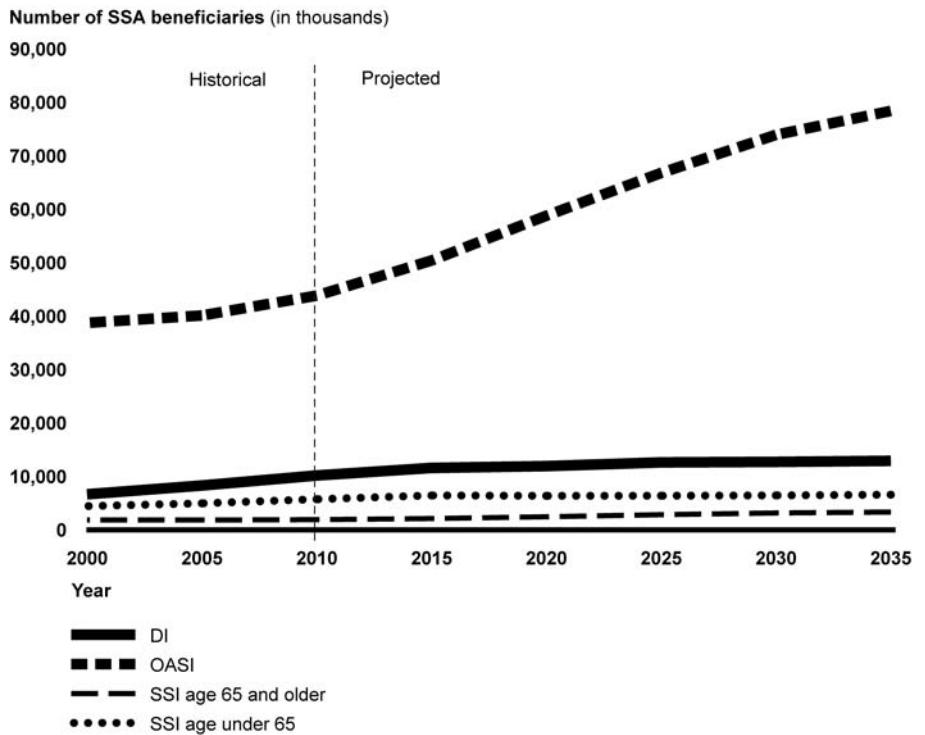
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### Changing Demographics and Resource Constraints Pose Long-Term Challenges for the Representative Payee Program

Changing demographics will challenge SSA's ability to effectively administer its Representative Payee Program in the future. The proportion of elderly individuals is projected to grow to nearly 20 percent of the total population over the next two decades. As a result, it is estimated that not only could the number of SSA beneficiaries grow by as much as 55 percent, but that the number of aged beneficiaries could increase from over 38 million in 2012 to over 72 million in 2035. This projected growth in the number of beneficiaries, especially the increase in the proportion of aged beneficiaries, will have implications for the Representative Payee Program (see fig. 2).



**Figure 2: Past and Future Number of SSA Beneficiaries**



Source: GAO analysis of data from the 2012 Annual Report of the Board of Trustees of the Federal Old-age and Survivors Insurance and Federal Disability Insurance Trust Funds and SSA's Annual Report of the Supplemental Security Income Program, 2011.

Notes: Some beneficiaries may receive more than one type of SSA benefit. These projections do not separate out concurrent beneficiaries.

Some of these beneficiaries receive auxiliary benefits which are monthly benefits payable to a spouse or child of a retired or disabled worker, or to a survivor of a deceased worker.

While age alone does not determine one's capability to manage personal finances, research shows that the incidence of Alzheimer's and other forms of dementia that undermine judgment increases with age.<sup>25</sup>

Researchers estimate that, by 2025, the number of people aged 65 years and older with Alzheimer's could increase by as much as 30 percent—

<sup>25</sup>Hebert et al., "Alzheimer Disease in the US Population," *Archives of Neurology*, 60 (August 2003): 1119-1122. Agarwal et al., "The Age of Reason: Financial Decisions over the Life Cycle and Implications for Regulation," *Brookings Papers on Economic Activity* (Washington, D.C.: 2009): 51-117.

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from the 5.2 million persons affected in 2012 to 6.7 million.<sup>26</sup> Given the projected growth in the aged population, SSA will likely be challenged to locate more payees as well as monitor a greater number of them in the future.<sup>27</sup>

Staff and resource constraints also present challenges for the future administration of the Representative Payee Program. For example, the impacts of a hiring freeze and anticipated retirements of SSA staff will further impair the agency's ability to effectively manage the program—a problem common to other SSA workloads, such as claims processing. In fact, in 2009 we reported that staffing constraints were having adverse effects on SSA field office services and that field office staff were having to defer some of the work they considered of lower priority.<sup>28</sup> More recently, field office managers we spoke with said that, to the extent that SSA field offices are required to do progressively more with limited staff and resources, they will be less likely to identify and address instances of payee benefit misuse.

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### SSA Has Not Engaged in Long-Term Planning for the Representative Payee Program

SSA has not developed a comprehensive plan for addressing the challenges the Representative Payee Program faces over the long term. SSA's Strategic Plan notes the future challenges, including growing workloads and limited resources, facing all of its programs. Even though representative payee activities are not specifically mentioned in the plan, according to SSA, these activities align with the plan's goal to preserve the public's trust in its programs by (1) simplifying and streamlining how SSA does its work and (2) protecting programs from waste, fraud, and abuse. SSA officials said, for example, the Philadelphia criminal bar pilot and the application of a misuse predictive model to select payees for review using selected beneficiary and payee characteristics are steps the agency is taking to better safeguard beneficiaries. While SSA plans to

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<sup>26</sup>Alzheimer's Association, 2012 Alzheimer's Disease Facts and Figures, *Alzheimer's & Dementia*, Vol. 8, Issue 2.

<sup>27</sup>While the scope of our report does not include a review of SSA's process to determine a beneficiary's competence, in 2010 the OIG reported that there may be about 1 million beneficiaries over age 85 who are incapable of managing their benefits and are in need of payees but do not have one. SSA OIG, *Aged Beneficiaries in Need of Representative Payees*, A-09-09-29002 (Apr. 5, 2010).

<sup>28</sup>GAO, *Social Security Administration: Service Delivery Plan Needed to Address Baby Boom Retirement Challenges*, [GAO-09-24](#) (Washington, D.C.: Jan. 9, 2009).

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assess how easily the pilot can be implemented, it has no plans to determine whether the pilot actually reduces the incidence of benefit misuse by payees in the long-run. We have previously reported that program evaluation can play a key role in long-term planning efforts by providing feedback on both program design and execution, including whether an agency's efforts are effective in resolving a problem or filling a need.<sup>29</sup>

Furthermore, SSA has done little long-term planning to address the workload challenges the Representative Payee Program faces. SSA acknowledged the need to better understand the future needs of the program, but it has not determined how many beneficiaries will likely need payees in the future and their characteristics. GAO's standards for internal control state that an agency should assess the risks it faces from both external and internal sources.<sup>30</sup> While the reasons for the potential growth in the program fall beyond SSA's control, such as an increase in older beneficiaries, assessing this growth can affect the program's chances for success. Agencies can use such assessments to assist them in determining how to best manage risk, as well as the staff skills and resources needed to address operational challenges for the short- and long-term. Some experts have suggested that the payee program does not garner attention from SSA because the agency considers it a lower priority than other SSA activities such as claims processing.

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### Others Have Identified a Range of Options That Could Address SSA's Long-Term Challenges

Through our review of prior reports on the payee program and similar programs, we identified several options proposed by various experts and stakeholders that might help SSA address its growing workload demands by increasing its pool of payees, targeting its monitoring activities, or both. (See table 1.) We conducted 14 interviews with experts and members of organizations who are knowledgeable about the payee program (interviewees) to gain their perspectives on the potential strengths and weaknesses of these options.<sup>31</sup> Interviewees identified trade-offs with

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<sup>29</sup>GAO, *Designing Evaluations: 2012 Revision*, [GAO-12-208G](#) (Washington, D.C.: January 2012).

<sup>30</sup>GAO, *Standards for Internal Control in the Federal Government*, [GAO/AIMD-00-21.3.1](#) (Washington, D.C.: November 1999).

<sup>31</sup>See appendix I for further information on the methodology used to identify the options and a list of experts and organizations. We did not conduct an independent review of the feasibility or potential impact of any of these options.

each of the options, mostly related to balancing SSA’s efforts to streamline and simplify the program while adequately protecting beneficiaries from fraud and abuse. Additionally, more than one programmatic change may be necessary to best position SSA to meet its growing workload demands. These options, as well as interviewees’ views on them, are described below.

**Table 1: Potential Options to Address SSA Challenges**

Option	Description
<b>Options to increase the pool of payees</b>	
Develop and maintain a group of readily available certified payees	SSA, or an entity under contract to SSA, could develop a program to identify, train, and certify payees who would then be available on an as-needed basis when SSA has difficulty finding a payee for a beneficiary.
Permit a broader range of organizations to collect a fee for serving as a payee	Change the requirements in the law that organizations need to meet to collect a fee for their payee services by, for example, allowing for-profit organizations to collect a fee or changing the requirement that an organization serve at least five beneficiaries.
Select individuals appointed by other entities	Automatically appoint an individual and organization as a beneficiary’s payee if they are already designated by one of a range of legal authorities and entities to oversee the beneficiary’s assets.
<b>Options to further target monitoring activities</b>	
Reduce monitoring requirements for custodial parents and spouses	Change the law to eliminate or lessen monitoring requirements for payees who are the custodial parent of the beneficiary for whom they are payee and for spousal payees who live with a beneficiary.
Reduce monitoring requirements for individuals appointed by other entities	Change the law to eliminate or lessen monitoring practices for payees if they are already designated by one of a range of legal authorities and entities to oversee the beneficiary’s assets.
Expand “risk-based targeting” approach to exempt some payees from annual accountings	Change the law to allow SSA the flexibility to select payees who would be required to file accountings based on indicators of misuse.
Expand use of outside organizations for monitoring	Expand the current contract with the National Disability Rights Network to have it conduct additional reviews that are currently completed by SSA staff.
<b>Options to potentially address challenges with finding and monitoring payees</b>	
Drop payee requirement for children	Allow custodial parents to automatically receive benefits on behalf of their children and not require the custodial parent to apply or be designated as a payee.
Enhance coordination with entities that serve similar populations	Further develop relationships on payee matters with state Adult Protective Service agencies, state courts, state protection and advocacy agencies, Area Agencies on Aging, Aging and Disability Resource Centers, and state foster care agencies, and to the extent practical and permissible, share information with them on payee matters.

Source: GAO analysis.

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Options to Increase the Pool of Payees

**Develop and maintain a group of readily available certified payees**

As noted earlier, SSA's most recent efforts to recruit more payees have not been very successful. The lack of additional payee volunteers may be because local service providers, such as those that serve individuals with developmental disabilities or the elderly, are facing similar resource constraints as SSA. Many interviewees said that it might not be cost-effective for SSA to invest its scarce resources on an effort that would likely yield few volunteers. Two interviewees suggested that, if SSA were to pursue this option, the agency should pilot it first. Most interviewees agreed that contracting out responsibility for developing and maintaining a pool of payees would be more cost-effective for SSA than performing these activities itself. Using an outside entity would also allow SSA staff to focus on other tasks, and the agency could hold the contractor accountable for maintaining a pool of qualified payees. For example, SSA could require the contractor to find qualified payees who would commit to serving as payees for a specified amount of time. Additionally, SSA could structure the contract so that it emphasizes the need to find payees for certain beneficiary groups such as the elderly or persons with developmental disabilities.

**Permit a broader range of organizations to collect a fee for serving as a payee**

Under federal law, a payee can only qualify to collect a fee from a beneficiary if the payee is (1) a state or local government agency with fiduciary responsibilities whose mission is to carry out income maintenance, social service, or health care-related activities or (2) a tax-exempt community-based nonprofit social service organization that is bonded and licensed (provided licensing is available) in the state where they serve as a payee. The organization must also regularly provide payee services concurrently to at least five beneficiaries and generally may not be a creditor of the beneficiary. In 2013, fee-for-service payees could collect up to 10 percent of a beneficiary's benefit up to a maximum of \$39 per month, and up to \$76 if they serve as a payee for a person suffering from drug addiction or alcoholism.<sup>32</sup> Changing the law to allow

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<sup>32</sup>By law, the fee amount qualified organizations may collect for providing representative payee services is limited. Each year, the fee amount is subject to an increase in December by the same percentage as the cost-of-living adjustment. However the organization may not collect the increased fee until the January payment.

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more organizations to collect a fee could enable SSA to access a larger pool of potential payees. Some interviewees cautioned that permitting a broader range of organizations to collect a fee could, however, create a perverse incentive for organizations to create a payee “business” where the focus would be on serving a larger number of beneficiaries rather than the best interests of beneficiaries. Lastly, this option could negatively affect beneficiaries since the fee is deducted from their SSA benefit. Some interviewees suggested that SSA could offset this potentially negative effect on beneficiaries by paying the fee from SSA funds, although SSA noted that this would require a statutory change.

### **Select individuals appointed by other entities**

Courts in each state have the authority to appoint a guardian or conservator for individuals the court determines to be incapacitated. Generally, guardianships are legal relationships created when a state court grants one person or entity the authority and responsibility to make decisions in the best interest of an incapacitated individual concerning his or her person or property.<sup>33</sup> Automatically selecting a person legally designated to manage the beneficiary’s assets, such as a guardian, to serve as a representative payee would not only lessen the time staff spend on screening payees, but could also reduce potential redundancies in screening procedures between SSA and state courts. However, the potential benefit of this option cannot be fully assessed because SSA officials said they do not have data on the number of guardians who currently serve as payees. Despite its potential benefits, this option could also face implementation challenges because some guardians may not want to serve as payees due to administrative program requirements. Further, automatically appointing individuals to serve as payees without screening them could be problematic because screening and eligibility

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<sup>33</sup>States use a variety of terms and somewhat different definitions to assess whether someone is in need of a guardian. In this report, we use the term “guardian” to refer to both guardians and conservators. See GAO, *Incapacitated Adults: Oversight of Federal Fiduciaries and Court-Appointed Guardians Needs Improvement*, [GAO-11-678](#) (Washington, D.C.: July 22, 2011).

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criteria for guardians vary by state with some states having more stringent procedures than others.<sup>34</sup>

## Options to Further Target Monitoring Activities

### **Reduce monitoring requirements for custodial parents and spouses**

In 2009, SSA submitted a legislative proposal to Congress to eliminate the statutory requirement that payees who are custodial parents of children who receive benefits, or spouses who live with a beneficiary, file annual accountings. If enacted, such a change could reduce SSA's workload because, as noted earlier, SSA spends a considerable amount of time obtaining and reviewing accounting reports and family members, primarily parents and spouses, serve 85 percent of beneficiaries who have payees. Nonetheless, annual accounting reports serve as an important reminder that SSA funds should be used for the beneficiary. An alternative that would lessen SSA's workload burden while maintaining a level of accountability would be for SSA to reduce the frequency of accountings for custodial parents and spouses. To date, Congress has not enacted SSA's legislative proposal.

### **Reduce monitoring requirements for individuals appointed by other entities**

Eliminating or limiting monitoring practices for payees who already oversee a beneficiary's assets by virtue of their status as a guardian or power of attorney could create many of the same challenges that might exist if SSA were to automatically appoint these groups without screening them. For example, although SSA initially might be able to save resources by not monitoring selected categories of payees, there could be long-term costs resulting from increased instances of payee fraud, waste, and abuse. Relying on state court monitoring also replaces a national framework with a variety of state practices, which could result in different standards for oversight and potentially make some beneficiaries more vulnerable to having their funds misused. Further, we previously

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<sup>34</sup> We have also reported on the limited safeguards to protect persons from potential misuse and financial exploitation by guardians and persons with power of attorney. See GAO, *Elder Justice: National Strategy Needed to Effectively Combat Elder Financial Exploitation*, [GAO-13-110](#) (Washington, D.C.: Nov. 15, 2012).

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reported that states face challenges adequately monitoring guardians and that persons with power of attorney can easily exploit beneficiaries.<sup>35</sup>

### **Expand “risk-based targeting” approach to exempt some payees from annual accountings**

As previously noted, all payees are generally required by law to submit annual accounting reports for review by SSA. To better target its accounting reviews to payees who are most likely to misuse benefits based on the misuse predictive model described earlier, SSA could seek legislative changes to this requirement. This could allow SSA to focus its attention on areas of greater risk. During our review, SSA said that it is too soon to determine whether expansion of the risk-based targeting approach would be effective.

### **Expand use of outside organizations for monitoring**

SSA currently contracts with the National Disability Rights Network (NDRN) to coordinate and oversee the completion of onsite reviews of selected organizational payees by state protection and advocacy agencies.<sup>36</sup> As of November 2, 2012, SSA had received 557 payee review reports from the protection and advocacy agencies under this contract. As a result of these reviews, SSA referred 356 cases to the field offices to follow up on a range of payee issues, including incorrect bank account titling and payees not properly documenting beneficiary expenses. SSA also began investigating 13 payees for benefit misuse. Some experts have suggested that expanding NDRN’s contract to have it conduct site reviews for other payees, such as individuals, could help lessen the challenges SSA faces in conducting these reviews. Another alternative, which is being used by some courts are volunteer guardianship monitoring programs, would be to identify and train a pool of

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<sup>35</sup>See for example, [GAO-11-678](#) and *Guardianships: Collaboration Needed to Protect Incapacitated Elderly People*, [GAO-04-655](#) (Washington, D.C.: July 13, 2004).

<sup>36</sup>NDRN is the nonprofit membership organization for the federally mandated Protection and Advocacy Systems and Client Assistance Programs. The initial contract between SSA and NDRN was for the protection and advocacy agencies to conduct periodic site reviews of payees who also employ beneficiaries they serve as payee for. The contract has since been expanded to include other organizational payees. In 2012, SSA began to select the payees for review based on the misuse predictive model discussed earlier in this report. As part of this contract, protection and advocacy agencies are required to refer problems outside of SSA’s purview to other federal, state, or local agencies.



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Options to Potentially Address  
Challenges with Finding and  
Monitoring Payees

volunteers to assist with monitoring. Under such an approach, SSA could work with volunteer organizations to train and certify individuals to monitor payees.<sup>37</sup> With both of these options, SSA would still have to devote some level of staff and resources to addressing any findings identified during the reviews.

**Drop payee requirement for children**

More than half of all beneficiaries with a payee are under the age of 18 and nearly 90 percent of these beneficiaries had their parent as a payee in 2011.<sup>38</sup> According to SSA, custodial parents generally serve appropriately as payees for their children. Allowing custodial parents to automatically receive benefits on behalf of their children would reduce SSA staffs' responsibility to screen and monitor parent payees, thus potentially freeing up staff and program resources to focus on aspects of the program SSA considers high need or high risk. This option would also decrease the burden on parents by not requiring them to apply to be their child's payee or file annual accounting reports. According to a Department of Veterans Affairs' (VA) official, the department does not require custodial parents to serve as payees for minors who receive monthly benefits. Nonetheless, eliminating the requirement that parents be assigned as payees also eliminates any safeguards—screening and monitoring—that would help to ensure that children's benefits are being used on their behalf.<sup>39</sup>

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<sup>37</sup>A study of this approach shows, however, that while the program could be successful, a volunteer program is not free because there are costs associated with training, supervising, and retaining volunteers, among other costs. Further, most of the programs that ended did so because they lacked volunteers and a mechanism to recruit them. Ellen Klem, *Volunteer Guardianship Monitoring Programs: A Win-Win Solution*. American Bar Association Commission on Law and Aging (2007).

<sup>38</sup>SSA, *Annual Statistical Supplement to the Social Security Bulletin, 2012* (Feb. 2013); SSA, *SSI Annual Statistical Report, 2011*.

<sup>39</sup>We have previously reported on some of the issues related to SSA's oversight of the SSI program as it relates to children, including instances where SSA examiners lack complete information to inform their decision making. See GAO, *Supplemental Security Income: Better Management Oversight Needed for Children's Benefits*, [GAO-12-497](#) (Washington, D.C.: June 26, 2012).

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## Enhance coordination with entities that serve similar populations

GAO and various experts have long recognized the need for better coordination and exchange of information between SSA and other entities that serve SSA beneficiaries and have made recommendations for SSA to share information with these entities to the extent permitted by law. For example, we reported in 2004 that the lack of systematic coordination weakens the oversight of incapacitated people and may leave them at risk of not being assigned a payee or guardian despite having been identified as needing one. We further reported that insufficient interagency coordination may leave incapacitated people more vulnerable to abuse or neglect.<sup>40</sup> Interviewees generally agreed that developing better relationships on payee matters with state and local entities is an important step toward helping SSA manage the program and leverage its constrained resources; however, several interviewees said there may be some challenges to sharing information on payee matters such as privacy issues and developing a data sharing mechanism. Sharing information could lessen the time SSA staff spend on screening payees and following up on delinquent accounting reports. For example, SSA could use information from state courts to determine whether or not to appoint a guardian as a payee or to better target its monitoring practices.

SSA has acknowledged that changes to the Representative Payee Program are needed to address its growing workloads and effectively manage the program, but told us that few of the options identified are currently under consideration by the agency. For example, SSA has recognized the potential benefits of some of these options, such as limiting parental accounting requirements and developing a pool of payees for hard to serve beneficiaries, and has taken steps toward implementing them. Nonetheless, SSA officials said they cannot implement several options, such as automatically assigning payees without screening them or limiting accounting requirements for certain groups of payees because they are statutorily required to conduct these activities. They also indicated that some of these options would not help

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<sup>40</sup>See, for example, [GAO-11-678](#) and [GAO-04-655](#). More recently, we recommended that the Office of Management and Budget take an active role in considering additional opportunities to identify and disseminate useful data sharing practices and tools that address privacy requirements among human service programs. See GAO, *Human Services: Sustained and Coordinated Efforts Could Facilitate Data Sharing While Protecting Privacy*, [GAO-13-106](#) (Washington, D.C: Feb. 8, 2013).

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SSA administer the program more effectively or would be too costly. For example, SSA said that creating a data sharing mechanism with state courts would cost too much; however, it has not formally or systematically estimated the cost of sharing this information. Some experts we spoke with highlighted the need for SSA to examine alternatives to manage the payee program. Further, GAO's internal controls guidance states that agencies should determine what actions they should take to manage program risk.<sup>41</sup> GAO has also reported that without effective short- and long-term planning, which takes into account the changing environment, federal agencies risk delivering programs and services that may not meet critical needs.<sup>42</sup> SSA has not fully assessed the potential benefits and feasibility of these options or begun to explore other alternatives that could help it address the current and growing demands of the program. Such an assessment would inform the types of actions that SSA should take, including whether the agency should pursue developing legislative proposals for changes.

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## Conclusions

Given the significant role that payees play in the lives of many SSA beneficiaries, it is imperative for SSA to take a long-term strategic approach to position itself to administer the Representative Payee Program effectively in the future. Over the years, SSA has taken important steps to improve the program in an effort to prevent misuse of benefits by payees. However, if SSA fails to evaluate the effectiveness of these changes, such as those in its Philadelphia pilot, in actually preventing misuse, SSA runs the risk of wasting its scarce resources on activities that may be ineffective over the long term.

SSA's lack of long-term planning could also render it unable to effectively administer the program and expose an already vulnerable population to misuse of their benefits. Without a clearer assessment of the future need for payees, SSA runs the risk of not being prepared to serve a growing number of aged beneficiaries whose needs often differ from those of beneficiaries typically served by SSA staff. In addition, SSA may be unable to ensure that there are enough payees available and that beneficiaries' funds will be adequately protected from misuse. Lastly,

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<sup>41</sup>[GAO/AIMD-00-21.3.1](#).

<sup>42</sup>GAO, *Results-Oriented Government: GPRA Has Established a Solid Foundation for Achieving Greater Results*, [GAO-04-38](#) (Washington, D.C.: Mar. 10, 2004).

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because of its lack of long-term planning, SSA may be limited in its ability to make effective decisions about how to modify the program going forward.

While there are no simple fixes to help SSA manage its growing program workloads, SSA has demonstrated that it cannot effectively administer the program within its current resources and structure. Experts have identified a range of possible options that SSA could consider to meet its goals of streamlining the program and protecting beneficiaries from misuse. Nonetheless, if SSA does not assess the potential costs and benefits of different alternatives and pursue operational and program design changes the agency deems to be feasible and cost-effective, it will miss an opportunity to better position itself to meet its service delivery challenges in the future.

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## Recommendations for Executive Action

To better position itself to address its growing challenges with administering the program while protecting individuals' benefits from misuse, we recommend that the Commissioner of SSA direct the Deputy Commissioner, Retirement and Disability Policy, to work with relevant SSA offices to

1. systematically evaluate the effectiveness of SSA's criminal bar pilot to help ensure that it meets its intended purpose of preventing misuse;
2. estimate the long-term increase in the number of individuals who will need a payee and their demographic characteristics, as well as the resources that will be needed to meet this increase in demand; and
3. develop a long-term strategy for addressing these challenges that includes developing and testing a range of alternatives that could streamline program processing to determine and compare their feasibility and their potential impact on processing times and risk of benefit misuse.

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## Agency Comments

We provided a draft of this report to the Commissioner of SSA for review and comment. In its written comments, reproduced in appendix II, SSA agreed with all three of our recommendations. In responding to our draft report, SSA noted that the agency expects to complete an evaluation of the criminal bar pilot in fiscal year 2014, before implementing the policy nationwide. In addition, SSA said that it is currently working to estimate the number of beneficiaries who will need a payee and will use this information to develop long-term strategies for addressing Representative Payee Program challenges. Finally, SSA said it is considering alternatives

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to streamline its processes and improve its monitoring. SSA also provided technical comments that we have incorporated, as appropriate.

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As agreed with your offices, unless you publicly announce the contents of this report earlier, we plan no further distribution until 30 days from the report date. At that time, we will send copies to the Commissioner of Social Security. In addition, the report will be available at no charge on the GAO website at <http://www.gao.gov>.

If you or your staff have any questions about this report, please contact me at (202) 512-7215 or [bertonid@gao.gov](mailto:bertonid@gao.gov). Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this reported are listed in appendix III.



Daniel Bertoni, Director  
Education, Workforce, and Income Security Issues

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*List of Requesters*

The Honorable Sam Johnson  
Chairman  
Subcommittee on Social Security  
Committee on Ways and Means  
House of Representatives

The Honorable Kevin Brady  
Chairman  
Subcommittee on Health  
Committee on Ways and Means  
House of Representatives

The Honorable Pat Tiberi  
Chairman  
Subcommittee on Select Revenue Measures  
Committee on Ways and Means  
House of Representatives

The Honorable Jim Gerlach  
House of Representatives

The Honorable Aaron Schock  
House of Representatives

The Honorable Adrian Smith  
House of Representatives

The Honorable Patrick Meehan  
House of Representatives

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# Appendix I: Methodology for Identifying Options and Their Strengths and Weaknesses

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We identified options that the Social Security Administration (SSA) could consider to address the Representative Payee Program's long-term challenges by reviewing prior reports on the program such as the National Research Council's 2007 review of the program; Social Security Advisory Board reports, SSA Office of the Inspector General, and GAO reports; and other reports.<sup>1</sup> We also sought input from experts, members of organizations familiar with the program, and SSA field office managers from 6 of the 10 regions (interviewees). These sources offered numerous options to address long-term challenges facing SSA's Representative Payee Program. We selected options that could assist SSA in managing its growing workload, including options that directly address the growing need for payees and SSA's challenges in monitoring these payees. We combined some options that were similar in nature to reduce the number of options to a reasonable amount for interviews. We also eliminated actions that SSA has already implemented.<sup>2</sup>

We selected a nongeneralizable sample of experts who had conducted research on the Representative Payee Program (or similar programs such as guardianship programs), served on Advisory panels, or who are affiliated with an organization that represents persons who may need payee services (see table 2 for a list of entities). In addition, we selected a group of interviewees to help ensure a range of viewpoints. Specifically, we interviewed persons who work with different beneficiary groups such as the aged, persons with developmental disabilities, persons with substance abuse, and others. They also represented different interactions with the program such as the court perspective, SSA's field office perspectives, beneficiary perspectives, and payee perspectives. Although many points of view were represented by our interviewees, they may not represent the complete range of views on the options.

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<sup>1</sup>Examples of reports we reviewed include: [GAO-11-678](#), [GAO-04-655](#); SSA OIG, *Annual Representative Payee Accounting Report Non-responders*; NRC, *Improving the Social Security Representative Payee Program: Serving Beneficiaries and Minimizing Misuse*; and the *Social Security Advisory Board Issue Brief Series: Disability Programs in the 21st Century: The Representative Payee Program*.

<sup>2</sup>For instance, we did not include using the misuse predictive model to determine payees for site reviews because SSA has already implemented this approach.

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**Table 2: List of Entities Interviewed**

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- American Bar Association, Commission on Law and Aging
  - AARP
  - Disability Law Center
  - National Academy of Elder Law Attorneys
  - National Adult Protective Services Associations
  - National Alliance on Mental Illness
  - National Association of Disability Representatives
  - National Association of State Long-term Care Ombudsman
  - National Center for State Courts
  - National Council of Social Security Management Associations
  - National Disability Rights Network
  - National Organization of Social Security Claimants' Representatives
  - The Arc of the United States
  - Nancy Coleman, Lecturer, UCLA Luskin School of Public Policy and Social Welfare
- 

Source: GAO.

We conducted 14 semi-structured interviews to identify strengths and weaknesses of the options, including the likelihood that the option would help SSA address the growing demand for payees and increased staff workloads, their cost-effectiveness, and feasibility. In some instances, these interviews included several members from the organization and the views expressed were those of the individuals who participated in the interview, not those of their organizations. We did not conduct an independent review of the feasibility or potential impact of any of these options. GAO is not recommending or endorsing the adoption of any of these policy options in this report.

We conducted this performance audit from April 2012 to May 2013 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for findings and conclusions based on our audit objectives.



# Appendix II: Comments from the Social Security Administration



**SOCIAL SECURITY**  
Office of the Commissioner

May 16, 2013

Mr. Daniel Bertoni, Director  
Education, Workforce, and Income Security Issues  
United States Government Accountability Office  
441 G. Street, NW  
Washington, DC 20548

Dear Mr. Bertoni:

Thank you for the opportunity to review the draft report, "SSA REPRESENTATIVE PAYEE PROGRAM: Addressing Long-term Challenges Requires a More Strategic Approach" (GAO-13-473). Please see our enclosed response.

If you have any questions, please contact me at (410) 966-9014. Your staff may contact Gary Hatcher, Senior Advisor for Records Management and Audit Liaison Staff, at (410) 965-0680.

Sincerely,

A handwritten signature in black ink that reads "Katherine Thornton".

Katherine Thornton  
Deputy Chief of Staff

Enclosure

SOCIAL SECURITY ADMINISTRATION BALTIMORE, MD 21235-0001

**COMMENTS ON THE GOVERNMENT ACCOUNTABILITY OFFICE DRAFT REPORT, "SSA REPRESENTATIVE PAYEE PROGRAM: ADDRESSING LONG-TERM CHALLENGES REQUIRES A MORE STRATEGIC APPROACH" (GAO-13-473)**

The representative payee program at SSA is one of the most important aspects of our service to the American public and we take our responsibility in this area very seriously. The beneficiaries who need a representative payee to handle their benefit payments are the most vulnerable individuals we serve. We are committed to doing all we can to ensure that beneficiaries who cannot handle their finances have full and appropriate use of their benefits. We appoint a payee not only to ensure that our beneficiaries' current needs for food, clothing, and shelter are met but that any remaining benefits are conserved for the beneficiaries' future use. When it is necessary to appoint a representative payee, we choose one who is well qualified and then we monitor the payee's performance. Nearly all representative payees whom we appoint carefully and compassionately provide much needed help to beneficiaries on a volunteer basis.

Over the years, we have undertaken a number of initiatives to address weaknesses in the program identified by our Office of the Inspector General (OIG ) and through independent studies such as the one done by the National Academies (NAS) in 2007. As GAO states in its report, SSA currently has approximately 5.9 million payees serving nearly 8.4 million beneficiaries. These numbers clearly show that we must be ever vigilant in carrying out our responsibilities in the representative payee program.

One major initiative that SSA has undertaken in the last few years has been in the area of monitoring representative payees. In its 2007 report, NAS strongly urged us to use criteria associated with misuse of funds to audit representative payees who are more likely to misuse benefits. As a result, we developed a misuse predictive model that we have been using since 2011 to select payees for onsite reviews. These reviews are in addition to our onsite reviews of volume payees and fee-for-service payees that are required by law. As part of that model, we addressed another NAS recommendation, which was to give special scrutiny to payees who receive large lump-sum proceeds.

We have also made significant improvements in our Representative Payee System (RPS) to streamline the workload for our field offices. One of our most recent enhancements was the development of an online misuse tracking system. This system allows our field employees to store and track all allegations of misuse from the initial contact through to a formal misuse determination and collection of misused funds. This enhancement significantly increases our ability to monitor payees and make restitution to our beneficiaries when misuse occurs. In addition, we are currently making significant technical enhancements to RPS and including functionality to make it easier for our field employees to document their payee decisions. We will include additional OIG/GAO recommendations in future releases of RPS.

In the current report, GAO describes our pilot in the Philadelphia region to bar payees who have committed one or more serious crimes. We began this pilot in June of 2012 and, in the summer of 2013, will begin using a third party database to conduct criminal background checks of payee

applicants in that region. In addition, we published a Federal Register notice in February 2013 to request comments from the public on whether we should prohibit persons convicted of these crimes from ever serving as a representative payee. On April 22, 2013, we published a Systems of Records Notice informing the public that we will collect criminal background information on payee applicants through a third party.

Over the years, SSA has been in contact with other government agencies that have individuals who serve in a payee capacity. For example, during the development of the “bar” policy, we were in contact with the Department of Veterans Affairs so that we had a good understanding of their criminal background check policies. More recently, we are looking into learning more about State guardianship programs to see if there is potential for sharing data, especially with regard to representative payees who are also legal guardians. We are hoping that the data from that study will provide new insights into steps SSA can take to make further improvements.

We appreciate GAO’s close examination of our representative payee program and are eager to work with them and our Congressional partners on strengthening the program. Our responses to GAO’s specific recommendations are below.

**Recommendation 1**

Systematically evaluate the effectiveness of SSA’s criminal bar pilot to help ensure that it meets its intended purpose of preventing misuse.

**Response**

We agree. Under the bar policy now in place in the Philadelphia region, we are preventing the selection of representative payees whose criminal histories may make them unsuitable to assist our beneficiaries. We are also developing criteria to measure whether the pilot is effectively preventing misuse and that we are finding suitable payees before going nationwide. We expect to complete our evaluation of the pilot in FY 2014.

**Recommendation 2**

Estimate the long-term increase in the number of individuals who will need a payee and their demographic characteristics, as well as the resources that will be needed to meet this increase in demand.

**Response**

We agree. We are currently estimating the number of people who will need representative payees and will use the data to inform our long-term strategy for addressing the challenges facing the representative payee program. We expect to complete this activity in FY 2014.

**Recommendation 3**

Develop a long-term strategy for addressing these challenges that includes developing and testing a range of alternatives that could streamline program processing to determine and compare their feasibility and their potential impact on processing times and risk of benefit misuse.

**Response**

We agree. We are currently considering alternatives that could streamline program processing. We are also developing a long-term strategic approach to improve our representative payee monitoring program. In addition, we are reaching out to other agencies that have similar programs to determine the potential for collaborating with them on payee activities. We expect to complete these activities in FY 2014.

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# Appendix III: GAO Contact and Staff Acknowledgments

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## GAO Contact

Daniel Bertoni, (202) 512-7215 or [bertonid@gao.gov](mailto:bertonid@gao.gov).

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## Staff Acknowledgments

In addition to the contact named above, Clarita Mrena (Assistant Director), Sherwin Chapman, and Nyree Ryder Tee made significant contributions to this report, in all aspects of the work. Also contributing to the report were Rachel Beers, Gary Bianchi, David Chrisinger, Brittni Milam, Mimi Nguyen, Almeta Spencer, Vanessa Taylor, Roger Thomas, and Walter Vance.

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*Supplemental Security Income: Better Management Oversight Needed for Children's Benefits.* [GAO-12-497](#). Washington, D.C.: June 26, 2012.

*Designing Evaluations: 2012 Revision.* [GAO-12-208G](#). Washington, D.C.: January 2012.

*Incapacitated Adults: Oversight of Federal Fiduciaries and Court-Appointed Guardians Needs Improvement.* [GAO-11-678](#). Washington, D.C.: July 22, 2011.

*Elder Justice: Stronger Federal Leadership Could Enhance National Response to Elder Abuse.* [GAO-11-208](#). Washington, D.C.: March 2, 2011.

*Guardianships: Cases of Financial Exploitation, Neglect, and Abuse of Seniors.* [GAO-10-1046](#). Washington, D.C.: September 30, 2010.

*Social Security Administration: Service Delivery Plan Needed to Address Baby Boom Retirement Challenges.* [GAO-09-24](#). Washington, D.C.: January 9, 2009.

*Guardianships: Collaboration Needed to Protect Incapacitated Elderly People.* [GAO-04-655](#). Washington, D.C.: July 13, 2004.

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